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C O N F I D E N T I A L SECTION 01 OF 02 BRATISLAVA 000241

SIPDIS

STATE FOR EUR/CE L. LOCHMAN AND K. ERTAS

E.O. 12958: DECL: 05/29/2019

TAGS: [PGOV](#) [KCOR](#) [SENV](#) [LO](#)

SUBJECT: INTERBLUE CO2 PERMITS CONTRACT PUBLISHED, SANS  
"CONFIDENTIAL DATA"

REF: A. BRATISLAVA 207

[1](#)B. BRATISLAVA 195

Classified By: Keith Eddins, CDA,a.i., for reasons 1.4 b and d

[1](#)1. (C) SUMMARY: New Environment Minister Viliam Turksy (Slovak National Party - SNS) published the controversial contract arranging for the sale of CO2 permits to the U.S.-registered Interblue Group (ref A and B), but critical information including the price and number of permits sold was deleted from the released text. Prime Minister Fico said he considers the matter settled: Turksy met the obligation to release the contract and the figures were excluded because they were "confidential data." Fico has proceeded with plans to invest the sale proceeds in thermal insulation projects, but the opposition and media show no sign of relenting in their investigations. END SUMMARY.

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SALE NUMBERS STILL UNKNOWN; HUNGARIANS GOT BETTER PRICE?  
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[1](#)2. (U) As one of his first acts in office, new Environment Minister Viliam Tursky complied with the PM's demand that the Interblue contract be made public. Because "confidential" sales figures were deleted from the released text, the exact price and number of permits sold continues to be in dispute, with speculation ranging from 10-15 million tons of permits sold and sales receipts ranging from EUR 60 to 76 million. The opposition claims the National Register of Emission Quotas records 15 million tons of assigned amount unit (AAU) CO2 permits sold last year, raising the possibility that a second earlier sale may have occurred. MPs plan to conduct another fact-finding inquiry at the Ministry of Environment (MinEnv) on May 29.

[1](#)3. (U) The opposition is also outraged by contract language stipulating Interblue's option to further purchase excess AAUs until 2012. Fico's statements that a more competitive bidder would still be able to purchase excess Slovak AAUs appears to be at odds with the proprietary language in the contract reserved for Interblue.

[1](#)4. (U) Responding to requests by the Slovak media, the former Director of the department in the Hungarian Ministry of Environment responsible for the sale of CO2 permits (who left the position in October 2008) said he was not willing to negotiate with a party looking for less than EUR 12 per ton for comparable permits when he was at the Ministry. This price is well above the reported Interblue sale price of around EUR 5-6 per ton. PM Fico continues to insist he has received no "official" document showing Slovakia received a noticeably lower price than its neighbors.

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15. (U) Undeterred by the Interblue controversy, the Fico government has already earmarked Interblue sale proceeds to fund one of its economic crisis priority measures, residential thermal insulation projects. Using the State Housing Development Fund under the Ministry of Construction and Regional Development (also an SNS Ministry), the GOS will provide no-interest loans to homeowners to encourage a 20 percent efficiency increase in residential energy use.

16. (SBU) While there have been some concerns about exactly how Interblue sale proceeds in the MinEnv Environmental Fund would be transferred to the State Housing Development Fund, the State Secretary at the Construction Ministry responsible for the program told us he is confident the transfer can be "administratively" arranged by the Ministry of Finance with minimal new legislation necessary. He expects the program to be fully functioning in three to four months.

17. (C) COMMENT: Despite Fico's insistence that the Interblue case is closed, both the opposition and media have told us they plan on continuing to press the Fico government on the issue. The media has focused on the troubles the PM is having with his SNS partners, including speculation that Interblue sale proceeds dedicated to thermal insulation projects will ultimately benefit SNS. (Could it really be a coincidence that the children of SNS Chairman Jan Slota opened Slovben, a polystyrene insulation business, in the last several months?) Solidarity with Fico's other coalition partner, HZDS (Movement for a Democratic Slovakia), is also

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fraying on Interblue, with HZDS Chairman Vladimir Meciar suggesting a criminal complaint should be filed. Meanwhile, Interblue Group is now reportedly attempting a resale of AAUs in New Zealand. We will continue to closely monitor this case. END COMMENT.  
EDDINS